

10/14/64

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TO : Director, FBI  
Attention: ASST. DIR. C. D. DeLOACH

FROM: SAC, Chicago

C. SUMNER STONE  
Former Managing Editor and Columnist  
"Chicago Daily Defender"

Reference is made to attached article concerning  
C. SUMNER STONE being fired by publisher JOHN SENGSTACKE.

On 10/13/64, Federal Judge JAMES B. PARSONS advised me that STONE and SENGSTACKE had been having differences of opinion during the past several months. Basically, these differences revolved around STONE's method of handling the reporting of civil rights demonstrations and related matters. STONE had become extremely closely allied with various protest groups in Chicago and his articles were felt by SENGSTACKE to be on many occasions inflammatory. SENGSTACKE first eliminated STONE's personal articles which he had in the paper, but then, according to Judge PARSONS, STONE started slanting news reports to put across his point of view. According to Judge PARSONS, SENGSTACKE wanted to play down all civil rights protests in order to prevent the "white backlash" vote for GOLDWATER in the coming election.

Judge PARSONS stated STONE's first reaction to being fired was STONE reportedly stated he would have protest groups picket the "Chicago Daily Defender". This did not materialize. It is not known what STONE plans to do at this time.

Bureau will be kept advised.

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UNITED STATES GOVERNMENT

# Memorandum

TO : SAC, CHICAGO (80-686)

DATE: 1/5/65

FROM : SA JOHN M. CARY

SUBJECT: "CHICAGO DAILY DEFENDER"  
NEWSPAPER  
INFORMATION CONCERNING

[redacted]

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[redacted] voluntarily related as follows concerning the "Chicago Daily Defender" newspaper and its publisher JOHN H. SENGSTACKE, on 12/28/65:

Following a recent conversation with Mr. SENGSTACKE his suspicions were confirmed that SENGSTACKE is currently in serious financial trouble with the newspaper. Supposedly the "Defender" has suffered an approximate \$100,000 loss for the year 1965. Sub-standard and lax Circulation Department bookkeeping methods, dishonest techniques used by solicitors and branches, were two contributing factors. Solicitors and distribution branch personnel reputedly collaborated to increase their salaries. For clarity, [redacted] explained solicitors would submit new subscribers' names to the main office for which the particular solicitor would receive a \$1.25 commission per customer. Approximately three weeks later a "kill" would be forwarded to the "Defender" front office to effect a discontinuance of that customer. However, the particular customer would continue to be serviced by the paper's territorial branch, who retained the customer's payments. About two or three weeks later, the branch would re-submit the same name and address, in effect stating the particular customer had been recontacted and persuaded to reinstate their subscription. Consequently the particular territorial branch would receive or be credited with another \$1.25 commission.

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[redacted] continued that the above related scheme was commonly employed in all branches with collaboration between solicitors and branch distribution office personnel. SENGSTACKE only very recently discovered the wide-spread scheme following termination or dismissal of the two Circulation Department bookkeeping girls. Instantaneously he also discovered that due to this duplication and very poor bookkeeping the paper is critically low in circulation and this condition could understandably effect the papers survival. [redacted] stressed that since SENGSTACKE has become painfully aware of the paper's financial condition he is working assiduously and indefatigably to re-establish the paper on sound grounds. He has dismissed several solicitors with intentions of dismissing the remainder of that staff.

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[redacted] continued that a substantial quantity of papers were discovered at the Grand Crossing, Post Office, having been returned inasmuch as the addressee or the address was non-existent. [redacted] pointed out that here again was an obvious dishonesty on the part of the solicitors.

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[redacted] stated based on his tenure with the paper he would surmise that dishonesty is common among the employees. Seemingly the employees ethics are low and exist among only a faithful few. They feel they are underpaid for their skills, even at the unskilled labor level.

[redacted] made no comment concerning whether SENGSTACKE related to him any overall intended course of action he would pursue to remedy the paper's financial strain. However, [redacted] pointed out that SENGSTACKE did comment that shortly there would be numerous personnel changes in an attempt to surround himself with loyal personnel. SENGSTACKE did not specify at what level the changes would be made.

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